Liberbank

Financial Report

2020 Second Quarter

July 30th, 2020

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Legal Notice

1. Macroeconomic Environment

1.1 International Economic Situation

At the end of 2019 and the beginning of 2020, the consensus of macroeconomic forecasts made by different analysts anticipated an economic scenario similar to that observed in 2019, with growth rates for the world economy close to 3%. However, the outbreak of Covid-19 and the measures adopted to fight it have led to a paralysis of the economic activity and a deep and sudden fall in GDP.

The latest estimates from the International Monetary Fund (IMF) suggest that the pandemic will have a more negative impact than initially expected, and recovery will be more gradual. Thus, global GDP is estimated to fall by -4.9% in 2020 and rebound in 2021 up to 5.4%. This scenario would place global GDP of 2021 six percentage points below the projections published before the pandemic.

The U.S. Federal Reserve (FED) forecasts envisage a GDP fall of -6.5% this year and a rebound of 5% for the next one, with unemployment rates at 9.3% in 2020, and returning to pre-pandemic levels in 2023. This scenario justifies an expansive monetary policy, with stable interest rates in the 0%-0.25% range. Additionally, the FED announced that it will continue its asset purchases programme until the economy has overcome the crisis.

In the **Eurozone**, the GDP suffered in the first quarter a historic fall of -3.8%. The European Central Bank (ECB) estimates an additional -13% for the second quarter, despite the relaxation of containment measures and -8.7% for the year as a whole, followed by a recovery of +5.2% in 2021. This evolution of the economic activity will lead to an unemployment rate of 10% and inflation below 1% during the current two-year period, far from the 2% monetary policy target.

The reaction against the crisis has been fast and forceful from several areas: monetary policy, prudential and accounting.

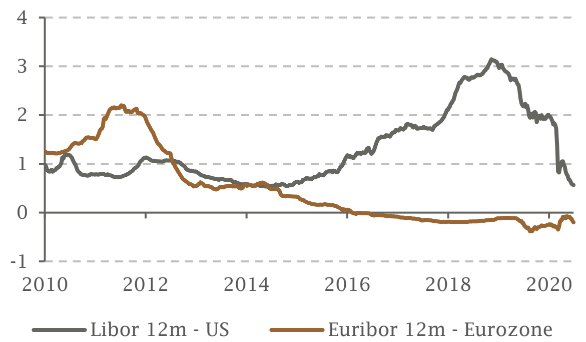
Regarding monetary policy, in addition to the European Recovery Fund amounting 750 billion euros, the Euro system has provided: i) liquidity injections through the Pandemic Emergency Purchase Program (PEPP), amounting 1,350 billion euros, ii) funding operations known as PELTROs (Pandemic Emergency Longer-Term Refinancing Operations) and iii) improvement on the conditions of the financing operations known as TLTROs III (Targeted Longer-Term Refinancing Operations).

Within the prudential area, the Single Supervisory Mechanism (SSM): i) allowed the credit institutions to temporarily operate below capital and liquidity requirements, ii) anticipated regulatory standards allowing lower capital requirements and iii) established a transitional calendar for the gradual incorporation into capital ratios of provisions of non-impaired risks that may arise as a result of the crisis.

Within the accounting area, the European Banking Authority (EBA) and the Bank of Spain (BdE) have promoted regulatory reforms providing flexibility to classify risks of those operations affected by the anti-crisis measures, and have published recommendations to avoid procyclicality in the application of the accounting rules, which may worsen the consequences of the crisis.

All these monetary, prudential an accounting policy measures, are intended not only to provide liquidity to private agents whose income has been severed by the pandemic, but also to prevent a temporary liquidity disruption from becoming a lasting one and turning into a solvency problem. In addition, it is also intended to prevent it from jeopardizing financial stability due to an excessive deterioration in banks' balance sheets.

Interbank interest rates %



Source: Thomson Reuters

1.2. Spanish Economy

The economic activity, which had five consecutive years of growth above the eurozone's average, has seen its upward trend cut by the pandemic.

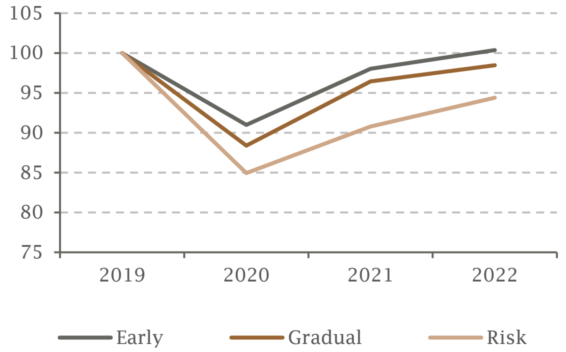
The government declared the state of alarm on March 14th, limiting mobility to that strictly necessary for the development of essential service until the beginning of May, when the "*de-escalation*" plan for gradual recovery of the activity started.

During this period, Spain has recorded the largest inter-quarterly contraction in GDP in its history, -5.2% between January and March, expecting an even higher fall during the second quarter. The crisis impact on employment is being particularly sharp. In June, the average affiliation with Social Security amounted to 18,624,337 people, a 4.58% reduction compared to the same month of 2019. In addition, there are 1.83 million workers on a temporary layoff (ERTEs) as of June 30th, of which 1.56 million are included in the ERTEs due to force majeure caused by the Covid-19.

The latest projections by the Bank of Spain (BdE) contemplate three scenarios called "early recovery", "gradual recovery" and "very slow or risk recovery", anticipating GDP falls in 2020 of -9.0%, -11.6% and -15.1% respectively. The highest fall may concentrate in the second quarter, beginning the recovery during summer, with GDP increases of +7.7%, +9.1% and +6.9% in each scenario respectively.

Spain: GDP evolution

Evolution through different scenarios. 100=2019



Source: Bank of Spain

The unemployment rate could rise above 20% in the coming quarters, while inflation could enter negative territory as a consequence of the fall in oil prices. The pandemic impact is foreseen to be heterogeneous by regions and sectors, where the most affected would be the "social industries" (hotels and catering, commerce, education, arts and entertainment activities), which are currently receiving 55% of credit to productive activities.

The Spanish government tried to enhance economy through fiscal policy, as a first line of defense against the pandemic, increasing the health system resources, adopting measures aimed at mitigating the loss of income of the most vulnerable households and favoring companies to have access to liquidity, through public guarantee schemes for loans, moratoriums and deferrals of tax obligations.

1.3 Financial System

The banking system plays a crucial role in this crisis: to ensure that credit flow reaches the real economy, while preserving financial stability.

The data known to date support the commitment of the Spanish financial system, having granted more than a million moratoriums on mortgages and consumer loans, and formalized 84,975 million euros in loans with ICO (Official Credit Institute) guarantees.

Up to date, there is no evidence of deterioration in the banks' balance-sheet that could endanger financial stability. In fact, the NPL ratio kept decreasing to 4.7% as of April, lowest level since June 2009.

In this regard, it should be clarified that although this crisis affects all kinds of activity, it does so asymmetrically by territory and productive sector. Thus, the degree to which bank's credit portfolio are affected will depend on their composition. In this way, the household credit risk will increase as a result of job destruction, but historical experience shows that this increase is fast in consumer loans but more moderate in mortgages, particularly when the crisis has a temporary nature.

Finally, it is worth mentioning that the Spanish banking sector faces the current recession in a better shape than it was in 2008, when the financial crisis broke out. This, together with the fiscal and monetary policy measures carried out, should ensure the necessary flexibility and strength to deal with the current times of stress and promote a rapid recovery.

2. Highlights

01	CET 1 Fully-loaded **14.0%**		**Liberbank faces the crisis with high solvency levels**
02	Buffer over CET1 requirement (Eur m) **932**	Buffer over MDA Capital Ratio (Eur m) **400 bps**	**And broad requirements buffers**
03	Moratoriums o/stock **5,3%**	Credit with public guarantee granted (Eur m) **1.614**	**Committed to supporting businesses and households**
04	NPL ratio **3.09%**		**NPA ratio under control** And at the lowest levels since Liberbank was established
05	NPA coverage ratio **50%**		**Reinforced coverage** After impairments reaching 121 million euros in 2020
06	NSFR **121%**	LCR **233%**	**Comfortable liquidity position** Liquid assets amounting to 7,496 million euros

Commercial intensity throughout every channel generates an operating income capable of absorbing the impact of the crisis

07	Performing credit YoY variation **7.4%**	New lending YoY variation **17.4%**	**Sustained credit growth** Not only in companies (+6.2%) but also in mortgages (+5.0%)
08	Customer funds YoY variation **5.0%**	Mutual funds YoY variation **14.0%**	**And in customers funds** Both in sight deposits (+14.6%) and mutual funds (212 million euros net subscriptions in 2020)
09	Recurrent NII YoY variation **6.4%**	Spread Margin **1.6%**	**Improvement of recurrent Net Interest Income** With spread margin stable since 2015, despite declining rates
10	Recurrent Fees YoY variation **8.4%**	Recurrent admin costs YoY variation **-2%**	**Improvement of fees, while containing expenses** Not considering extraordinary costs
11	TBV YoY variation **8.5%**		**Growing TBV** Own share buyback programme cancelled, following ECB recommendations
12	Active customers in Digital Banking in % **53.7%**		**Revamped Digital Banking** Offering all kinds of functionalities, from digital onboarding to personal loans granting

3. Key indicators

Key Indicators

In € Million	30/06/2020	31/03/2020	30/06/2019	% QoQ change	% Annual change
BALANCE SHEET					
Total Assets	45,824	42,914	40,235	6.8%	13.9%
Gross Performing Loans	25,270	24,364	23,525	3.7%	7.4%
Customer Funds	32,524	30,990	30,971	4.9%	5.0%
Total Equity	3,207	3,098	3,015	3.5%	6.4%
Loan to Deposits	98.0%	99.1%	95.2%	-1.1%	2.7%
PROFIT AND LOSS ACCOUNT				2Q20 Contribution	
Net Interest Income	259	137	230	122	12.6%
Gross Margin	396	177	339	219	16.8%
Operating Income	200	82	144	118	39.5%
Profit before taxes	53	28	90	25	-41.4%
Profit attributable to the Group	41	19	73	21	-43.8%
SOLVENCY					
Risk-weighted Assets phased-in	16,650	17,282	16,949	-3.7%	-1.8%
Common equity Tier 1 /CET1 phased-in	15.3%	14.2%	14.3%	1.1%	1.0%
Tier 1 /Capital Level1 phased-in	15.3%	14.2%	14.3%	1.1%	1.0%
Solvency Ratio phased-in	17.0%	15.8%	15.9%	1.2%	1.1%
Common equity Tier 1 /CET1 fully-loaded	14.0%	13.0%	12.7%	1.0%	1.3%
RISK MANAGEMENT					
Non-performing Loans (NPL)	806	812	1,011	-0.7%	-20.2%
Gross Foreclosed Assets	1,353	1,357	1,738	-0.3%	-22.2%
Non-performing Loans Ratio	3.1%	3.2%	4.1%	-0.1%	-1.0%
NPL coverage Ratio	50%	49%	50%	1.3%	0.2%
Foreclosed Assets coverage Ratio	49%	47%	50%	2.2%	-0.3%
BANKING BUSINESS AND RESOURCES (Units)					
Group employees	3,668	3,701	3,767	-0.9%	-2.6%
Employees (Liberbank, S.A.)	3,036	3,045	3,094	-0.3%	-1.9%
Branches	579	579	629	0.0%	-7.9%
ATMs	1,249	1,254	1,270	-0.4%	-1.7%

Solvency ratios as of June 30th, include 2020 interim results but exclude the deduction of the non-executed part of the share buyback programme approved in 2019.

Sources: Consolidated Public Finances, Bank of Spain's official statements and Other Internal Information Sources.

4. Financial Evolution

Consolidated balance sheet

In € Million	30/06/2020	31/03/2020	30/06/2019	% QoQ change	% Annual change
Cash, cash at central banks and other demand deposits	2,068	1,291	1,065	60.2%	94.1%
Financial assets (FA) held for trading	11	12	14	-10.3%	-20.2%
Non-trading FA mandatorily at fair value through P&L	137	123	168	10.9%	-18.6%
FA at fair value (FV) through o/ comprehensive income	708	677	836	4.6%	-15.3%
Financial Assets at amortized cost	37,731	35,684	32,727	5.7%	15.3%
Debt securities	10,588	9,622	7,814	10.0%	35.5%
Loans and advances	27,143	26,063	24,913	4.1%	9.0%
of which: to customers	26,084	25,195	24,250	3.5%	7.6%
Derivatives – Hedge accounting	273	350	473	-22.1%	-42.2%
FV changes of hedged items in portfolio hedge of IR risk	198	175	123	13.4%	61.2%
Investments in subsidaries, joint ventures and associates	654	555	509	17.9%	28.5%
Tangible assets	1,287	1,243	1,245	3.6%	3.4%
Intangible Assets	155	152	143	2.0%	8.3%
Tax assets and other Assets	1,895	1,911	2,009	-0.8%	-5.6%
Non current Assets held for sale	707	741	924	-4.6%	-23.5%
TOTAL ASSETS	**45,824**	**42,914**	**40,235**	**6.8%**	**13.9%**
Financial liabilities (FL) held for trading	11	12	14	-10.3%	-21.7%
FL measured at amortized cost	40,982	38,345	36,099	6.9%	13.5%
Deposits	39,014	36,704	35,440	6.3%	10.1%
Debt securities issued	1,614	1,411	420	14.4%	
Other financial liabilities	354	230	239	54.0%	48.0%
Derivatives – Hedge accounting	1,288	1,133	747	13.7%	72.4%
Liabilities under insurance and reinsurance contracts	7	7	7	-2.1%	-6.0%
Provisions	88	96	123	-7.5%	-28.0%
Tax liabilities and other liabilities	240	223	230	7.6%	4.3%
TOTAL LIABILITIES	**42,617**	**39,816**	**37,220**	**7.0%**	**14.5%**
Minority Interest	0	0	0	-0.2%	
Shareholder's Equity	2,911	2,889	2,849	0.8%	2.2%
Accumulated Other Comprehensive Income	296	209	165	41.4%	79.0%
TOTAL EQUITY	**3,207**	**3,098**	**3,015**	**3.5%**	**6.4%**
TOTAL EQUITY AND LIABILITIES	**45,824**	**42,914**	**40,235**	**6.8%**	**13.9%**

Source: Balance sheet consolidated account (FA: Financial Assets. FV: Fair Value. IR: Interest Rate

The balance sheet of the Group increases +6.8% during the second quarter and +13.9% YoY, reaching 45,824 million euros. This increase of the balance sheet comes both from retail and wholesale businesses.

The two main asset headings are *Loans and Advances* and the securities portfolio.

The balance sheet heading *Loans and Advances* include gross performing credit, which increases by +3.5% during the second quarter, mainly driven by loans to productive activity (+9.9%) through ICO loans, which supply liquidity to corporates and self-employed affected by the Covid-19 crisis. In the last twelve months this element shows a significant growth of +7.6%, including a reduction of NPLs of -20.2%.

The securities portfolio is mainly classified under the *Debt securities, Financial Assets at fair value through other comprehensive income* and *Investments in subsidiaries, joint ventures and associates.* 92% of the securities portfolio is comprised of fixed income, where 91% are sovereign bonds. The average yield is 1.1% and 96% is classified in the amortized cost portfolio.

The evolution of *Non-Current Assets Held for Sale*, which includes much of the bank's NPAs, remains positive, with a reduction of -4.6%, despite de slowdown in sales due to the quarantine. According to the Colegio de Registradores (Association of Registrars), sales reach rates of -38.3 YoY as of April and -53.1% as of May. In the last twelve moths the balance of this heading has declined by -23.5%.

The most important item of *Liabilities* is *Deposits,* composed mostly of retail customers funds.

Deposits show a quarterly growth of +6.3% and an YoY growth of +10.1%., since households savings have reached historical highs since 2004 due to the slowdown of consumption, reaching a 11.2% ratio of the available rent during the first quarter of the year (Source: INE).

Resources

In € Million	30/06/2020	31/03/2020	30/06/2019	% QoQ change	% Annual change
CUSTOMER FUNDS	32,524	30,990	30,971	4.9%	5.0%
Customer Funds On Balance Sheet	26,277	25,018	25,129	5.0%	4.6%
Public Administrations	2,236	2,096	2,193	6.7%	2.0%
Creditors and promissory notes	24,041	22,923	22,936	4.9%	4.8%
Demand Deposits	19,874	18,559	17,337	7.1%	14.6%
Term Deposits	4,167	4,363	5,599	-4.5%	-25.6%
Others (promissory notes)	0	0	0		0.0%
Off-Balance Sheet Customer Funds	6,247	5,972	5,842	4.6%	6.9%
Mutual Funds	3,868	3,597	3,394	7.5%	14.0%
Pension Funds	1,437	1,420	1,467	1.2%	-2.0%
Saving Insurances	942	955	982	-1.4%	-4.1%
REPURCHASE AGREEMENTS	2,986	1,426	1,836	109.3%	62.6%
WHOLESALE FUNDING (capital markets)	3,688	3,490	2,729	5.7%	35.2%
Covered Bonds (non-retained)	3,593	3,395	2,634	5.8%	36.4%
Bonds and EMTNs	95	95	95	0.0%	0.0%
TOTAL FUNDS	39,198	35,907	35,536	9.2%	10.3%

Customer funds amount to 35,254 million euros, growing +4.9% during the second quarter and +5.0% YoY.

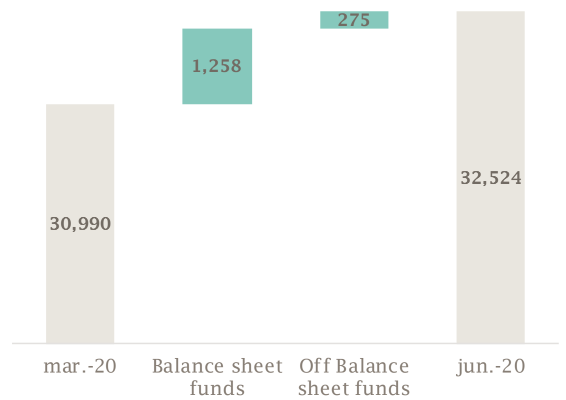
The slowdown of consumption since the outbreak of the pandemic has reduced household spending, thereby increasing savings.

Sight deposits have increased by +7.1% during the second quarter and +14.6% YoY. Mutual funds grew +7.5% in the quarter, and +14.0% YoY. The latter have recorded 212 million euros of net subscriptions in the year and 87 million euros during the second quarter, 17.1% of the Spanish financial system as a whole, according to Inverco data.

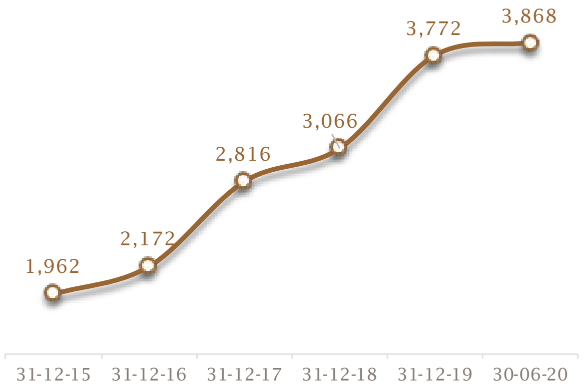
Household deposits (which include off-balance products) show a quarterly increase of +4.0% and a YoY increase of +4.7%, strengthening the Bank's market share within this segment. Households on and off balance-sheet funds represent 86% of the total customer funds, giving the Bank a very stable funding base.

With regard to wholesale funding, Liberbank has strengthened its liquidity position through a bonds issue in September 2019 close to a billion euros, further increased by 200 million euros in June 2020.

Retail Funds quarterly evolution



Mutual Funds evolution



Gross performing loans

In € Million	30/06/2020	31/03/2020	30/06/2019	% QoQ change	% Annual change
Credit To Public Administrations	3,238	3,307	2,575	-2.1%	25.8%
Credit To Private Sectors	22,031	21,056	20,951	4.6%	5.2%
Productive activities financing	6,132	5,581	5,771	9.9%	6.2%
Real Estate	388	341	281	13.8%	38.0%
Other companies	5,744	5,240	5,490	9.6%	4.6%
Household financing	15,283	15,140	14,577	0.9%	4.8%
Consumer and other loans	879	886	863	-0.8%	1.9%
Housing	14,403	14,254	13,714	1.0%	5.0%
Advances and unclassified risks	617	336	603	84.0%	2.3%
PERFORMING LOANS	25,270	24,364	23,525	3.7%	7.4%

Performing loans amount to 25,270 million euros, growing by +7.4% YoY. This growth is solid, not only in the corporate portfolio (+6.2% YoY) but also in the household portfolio (+4.8% YoY).

New lending in 2020 amounts to 4,070 million euros of loans and credits, resulting in a +17.4% YoY growth. This figure includes 927 million euros of mortgages, representing 6.12% of the national total (source: Council of Notary Affairs), showing a YoY growth of +12.0% and an average LTV of 70%.

The second quarter of the year has been marked by the support given to corporates, through the granting of loans guaranteed by the ICO, and to households through the granting of moratoriums to mitigate the crisis impact.

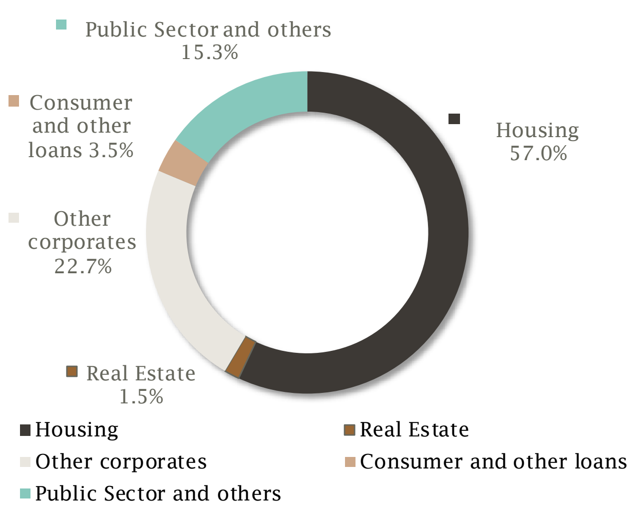
Loans and credits totaling 1,614 million euros were granted, under an ICO's guarantee of 75%. These loans cover the liquidity needs coming from the pandemic.

Moratoriums have been arranged with 5.3% of the mortgage portfolio (776 million euros). 38% are state moratorium under RDL 8/2020 (involving 3 months deferral of capital and interest), 62% are private moratorium, under a sectorial agreement (involving 12 months of capital deferment).

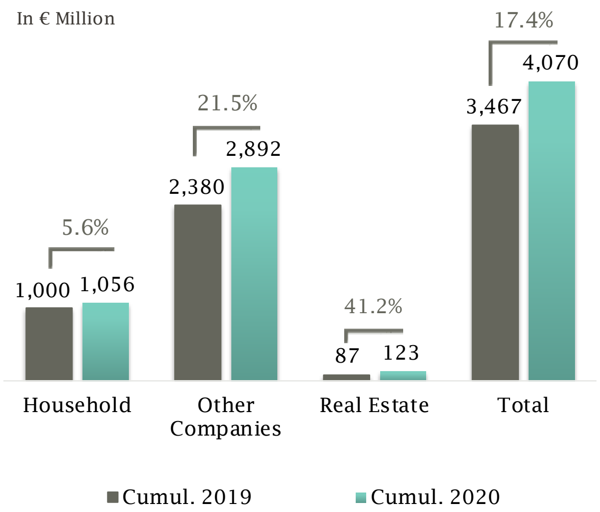
Mortgage lending continued to grow, backed by distribution channels, internalized risk control and rapid service, specifically +149 million euros in the second quarter.

The credit portfolio is highly diversified. Mortgages are 57% of the total portfolio, followed by corporate loans (23%) and Public Administration Loans (13%). Consumer loans only represent 3% of the portfolio.

Gross performing loans sector breakdown



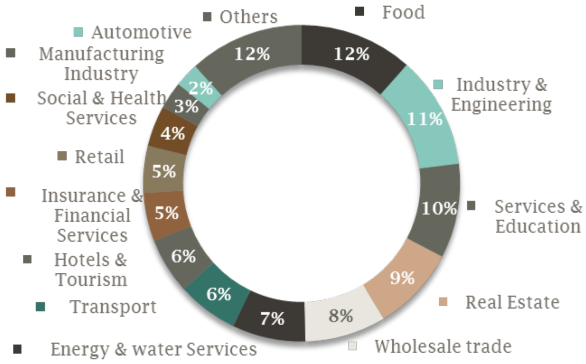
Cumulative Lending Operations



The **Household credit portfolio** is mainly composed of mortgages to finance first homes (92% of the total), of domestic customers (95%) with an average LTV of 55% and a high credit quality (NPL ratio of 2.1% as of June 2020).

The expansion of recent years has been concentrated in Madrid, which now accounts for 26.8% of the mortgage portfolio. In the growth markets, first home mortgages predominate (94% of the total), with an average LTV of 61% and a high credit quality (NPL ratio of 1.2% as of June 2020). The other mortgages are in the home regions of the Bank: Asturias, Cantabria, Extremadura and Castilla La Mancha. Services, farming and industry sectors prevail as economic sector in these regions. The percentage of public employment is higher than in the rest of the country (Source EPA, Labor Force Survey), as is the percentage of contributory pensions. The national total it is 20.7% while in home regions it reaches 23.4%, totaling 29.6% in Asturias (source: INE, National Statistical Institute and the Ministry of Labor). According to a Funcas' study (*Covid-19 impact amongst the Autonomous Communities)*, the impact of the crisis will be lower in Extremadura and Castilla-La Mancha, and medium in Asturias and Cantabria.

Regarding the **corporate credit portfolio**, it is highly diversified by sector of activity. Hotels and catering is not a relevant sector in home regions, while farming sector is more important (especially in Extremadura and Castilla La Mancha). In addition, the industry sectors most affected by the crisis (textile, automotive, furniture, leather and other industries, according to Funcas) have limited presence in the regions of Asturias and Cantabria, where industry has a greater weight.



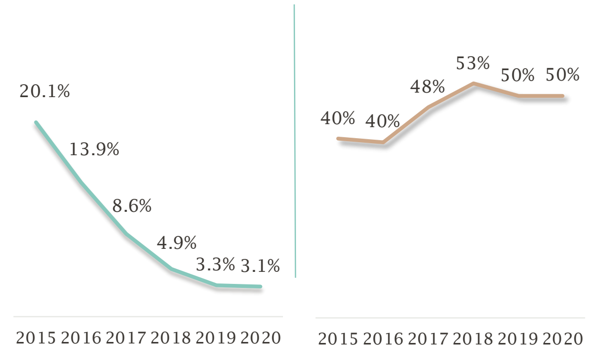
Gross NPL Evolution

In € Million	NPL 30/06/2020	NPL QoQ ch.	NPL YoY ch.	NPL Ratio 30/06/2020	NPL Ratio QoQ ch.	NPL Ratio YoY ch.
Productive Activity Financ. & Pub. Admin.	**430**	**29**	**-107**	**4.4%**	**0.1%**	**-1.6%**
Real Estate	77	1	-42	16.6%	-1.8%	-13.2%
Other companies and Public Admin	353	28	-65	3.8%	0.1%	-1.1%
Household Financing	**359**	**-35**	**-98**	**2.3%**	**-0.2%**	**-0.7%**
Consumer and other loans	44	2	-3	4.8%	0.3%	-0.4%
Housing	315	-37	-96	2.1%	-0.3%	-0.8%
Demand Debtors and Other Risks	**18**	**0**	**1**	**2.5%**	**-1.7%**	**-0.2%**
TOTAL GROSS NPL	**806**	**-6**	**-204**	**3.1%**	**-0.1%**	**-1.0%**

Sources: Bank of Spain's Official Statements and other Internal Information Sources.

NPL ratio and Coverage

In € Million



The NPL ratio decreases 13 bps in the second quarter, down to 3.09%, accumulating a 103 bps drop in the last twelve months, which in absolute terms represents a 204 million euros fall in NPLs (-20.2%).

The coverage ratio stood at 50% at the end of June. 39% of NPLs are household mortgages, with a high level of collateralization, therefore requiring lower coverage levels.

Refinanced loans amount to 390 million euros, 1.5% of the gross loans, where 66% is classified as non-performing loan.

NPL Coverages

In € Million	NPL	Impairment losses	NPL minus Impairment losses	Coverage ratio	Guarantees*
Productive Activity Financing and Public Admin.	**430**	**282**	**148**	**65.6%**	**163**
Real Estate	77	36	41	46.3%	53
Other companies	353	246	106	69.8%	110
Household Financing	**359**	**109**	**249**	**30.4%**	**291**
Consumer and other loans	44	44	0	99.8%	1
Housing	315	66	249	20.8%	291
Demand Debtors, Public Admin and Other Risks	**18**	**14**	**4**		**1**
TOTAL GROSS NPL	**806**	**405**	**401**	**50%**	**455**

** Guarantee= Limited appraisal value, calculated as the minimum value between the latest appraisal value and the outstanding debt.*

Gross Foreclosed Assets Evolution

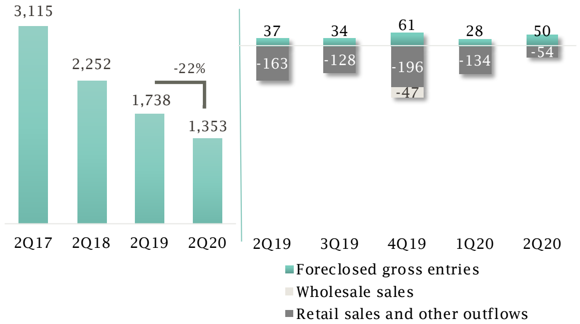
(excluding investment properties)

In € Million	30/06/2020	31/03/2020	30/06/2019	% QoQ ch.	% YoY ch.
Buildings under construction	252	254	294	-0.9%	-14.5%
Residential	370	373	494	-0.7%	-25.0%
Land	548	545	720	0.5%	-23.9%
Commercial RE	183	185	230	-1.2%	-20.6%
TOTAL GROSS FORECLOSED ASSETS	**1,353**	**1,357**	**1,738**	**-0.3%**	**-22.2%**

Foreclosed assets outflows, classified as *Non Current Assets Held for Sale*, amount to 44 million euros in the second quarter and 145 million in 2020. 54% of sales in 2020 are land, and 19% are commertial RE and buildings under construction.

Gross Foreclosed assets / Incremental entries and outflows

In € Million



The foreclosed assets portfolio falls by -22.2% in the last twelve months, and -0.3% in the second quarter, where sales slowed down due to the pandemic.

The NPA's pool decreases by -10 million euros in the quarter and -590 million euros in the last twelve months (-21.4% YoY), while its coverage level stays at 50% as of June 30.

Investment property sales amounted to 4 million euros of gross debt in the quarter.

Impaired Assets Evolution (and their coverages)

In € Million	30/06/2020	31/03/2020	30/06/2019	QoQ variation	YoY variation
NPL	806	812	1,011	-6	-204
Foreclosed Assets	1,353	1,357	1,738	-4	-385
NON-PERFORMING ASSETS	**2,159**	**2,169**	**2,749**	**-10**	**-590**
NPA ratio	**7.9%**	**8.2%**	**10.5%**	**-0.3%**	**-2.6%**
NPL impairment losses	405	397	505	8	-100
NPL coverage ratio	**50%**	**49%**	**50%**	**1.3%**	**0.2%**
Foreclosed assets impairment losses	666	639	861	27	-194
Foreclosed assets coverage ratio	**49%**	**47%**	**50%**	**2.2%**	**-0.3%**
NPA coverage ratio (NPL + foreclosed assets)	**50%**	**48%**	**50%**	**1.8%**	**-0.1%**

Profit and loss account

In € Million	30/06/2020	30/06/2019	% Annual change
Financial income	293	272	8.1%
Financial expenses	35	42	-16.7%
NET INTEREST INCOME	259	230	12.6%
Dividends	0	6	-96.4%
Results from equity method stakes	25	23	7.1%
Net fees	136	90	50.8%
Gains (losses) on Financial Assets and Liabilities and Ex.diff.	5	16	-66.6%
Other operating results (net)	-29	-26	10.9%
GROSS MARGIN	396	339	16.8%
Administrative costs	175	174	1.1%
Staff costs	123	118	4.1%
Other general administrative costs	53	56	-5.3%
Amortizations	20	22	-6.8%
PRE-IMPAIRMENT INCOME	200	144	39.5%
Provisions (net)	8	13	-35.6%
Impairment losses on financial assets (net)	68	29	134.7%
Impairment losses on other assets (net)	12	2	
Other profits or losses	-59	-9	
PRE-TAX INCOME	53	90	-41.4%
Income tax	12	17	-32.8%
CONSOLIDATED NET PROFIT	41	73	-43.8%
Attributable Net Profit	41	73	-43.8%

Source: Profit and loss account (CP1 Statement of the Bank of Spain).

Income Statement Quarterly Evolution

In € Million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20
Financial income	138	137	140	154	140
Financial expenses	21	20	20	17	17
NET INTEREST INCOME	116	116	121	137	122
Dividends	0	0	2	0	0
Results from equity method stakes	21	3	4	0	25
Net fees	45	45	55	50	86
Gains (losses) on Financial Assets and Liab. and Ex. Diff.	12	5	2	6	0
Other operating results (net)	-5	-11	-41	-15	-14
GROSS MARGIN	188	159	142	177	219
Administrative costs	85	88	79	85	91
Staff costs	59	60	58	58	64
Administrative costs	26	27	20	26	26
Amortizations	11	11	11	10	10
PRE-IMPAIRMENT INCOME	93	60	53	82	118
Provisions (Net)	7	5	7	4	4
Impairment losses on financial assets (net)	16	16	15	31	38
Impairment losses on other assets (net)	2	2	1	2	9
Other gains or losses	-6	-5	-18	-17	-41
PRE-TAX INCOME	62	31	11	28	25
Income tax	10	8	-3	8	4
Profit from discontinued operations (net)	0	0	0	0	0
CONSOLIDATED NET PROFIT	52	24	15	19	21
ATTRIBUTABLE NET PROFIT	52	24	15	19	21

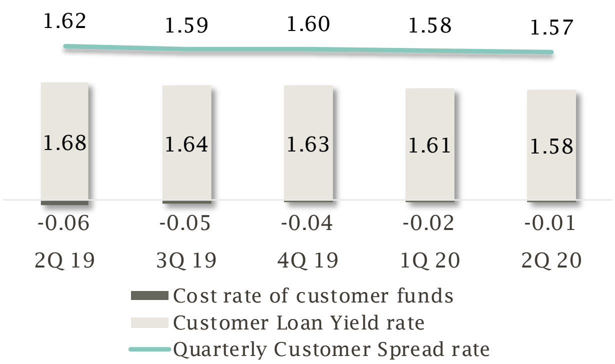
Source: Profit and loss account (CP1 Statement of the Bank of Spain).

Quarterly contribution to the net interest income

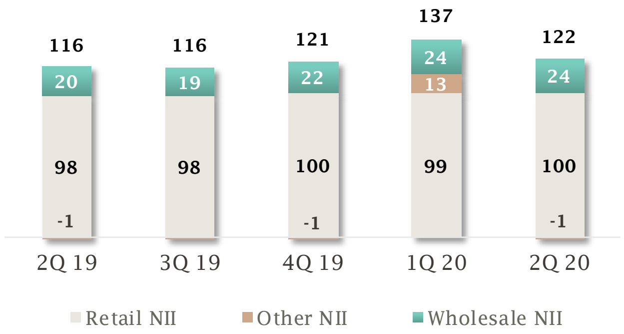
In € Million	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20
Financial income	138	137	140	154 *	140
Financial expenses	21	20	20	17	17
NET INTEREST INCOME	116	116	121	137	122

** The 1Q20 includes €14 million of non recurrent interest income*

Customer Spread Evolution



Net interest income evolution by business lines



Net interest income amounts to 259 million euros and grows by +12.6% YoY, including an extraordinary revenue from default interest on litigation of 14 million euros. Excluding the non-recurrent item, the NII YoY growth would be +6.4%.

The contribution from retail business shows growth of +4.2%, driven by the increase in performing credit and the reduction of funding costs. *Wholesale business* contribution evolves in the same way, growing +16.3% YoY, driven by the continued funding costs reduction.

The customer spread remains at around 1.6% (1.57% in the second quarter of 2020), as is the case since 2015, in spite of the continued fall in interest rates.

Quarterly Net Interest Income Evolution

	2Q 2019			3Q 2019			4Q 2019			1Q 2020			2Q 2020		
	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE	Aver.bal	Rate	FI/FE
Retail FI	24,099	1.7	101	24,678	1.6	101	24,987	1.6	102	25,073	1.6	101	25,489	1.6	101
of which: performing	23,040	1.7	98	23,683	1.7	99	24,073	1.7	100	24,251	1.6	99	24,675	1.6	99
Retail FE	24,410	0.1	4	24,904	0.1	3	24,894	0.0	2	24,857	0.0	1	25,845	0.0	1
Sight	16,777	0.0	1	17,308	0.0	1	17,613	0.0	1	18,235	0.0	0	19,117	0.0	0
Terms	5,707	0.1	2	5,421	0.1	2	5,003	0.1	1	4,635	0.1	1	4,605	0.1	1
Others	1,926	0.1	0	2,176	0.1	0	2,278	0.0	0	1,987	0.0	0	2,122	0.0	0
Wholesale FI	10,270	1.1	29	9,577	1.2	29	11,349	1.0	30	11,159	1.0	29	12,004	0.9	28
of which: fixed income	9,124	1.3	30	8,225	1.4	30	9,243	1.3	30	9,136	1.3	30	9,501	1.2	29
Wholesale FE	11,550	0.3	9	10,910	0.4	10	12,998	0.2	8	12,838	0.2	5	12,935	0.1	4
Financial Institutions	8,499	-0.3	-6	7,693	-0.3	-6	9,041	-0.3	-7	9,072	-0.4	-9	9,429	-0.4	-10
Repos PS and PA	27	0.0	0	38	0.0	0	23	0.0	0	11	0.0	0	11	0.0	0
Covered bonds	2,634	1.5	10	2,796	1.5	10	3,555	1.1	10	3,378	1.1	9	3,107	1.2	9
Bonds and others	390	5.6	5	382	5.7	5	379	5.5	5	377	5.5	5	389	5.2	5
Other FI & FE			-1			0			-1			13			-1

PS: Private Sectors; PA: Public Administrations; FE: Financial Expenses; FI: Financial Income

Fees

In € Million	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	% Cum. Annual Change
FEES RECEIVED	48	48	59	53	89	48.8%
Contingent liabilities	1	2	2	1	1	-5.7%
Contingent commitments	0	0	0	0	0	-12.1%
Collections and payments	21	22	23	21	25	14.8%
Securities services	1	1	1	2	1	51.0%
Non banking financial products	16	16	25	20	56	123.3%
Others	8	8	8	9	6	-10.7%
FEES PAID	3	3	4	3	3	14.8%
NET FEES	45	45	55	50	86	50.8%
RECURRENT NET FEES	45	45	49	50	48	8.4%

Source: Profit and loss account and own preparation

Net fees amount to 136 million euros, showing a +50.8% YoY cumulated growth which includes 38 million euros already accounted for out of the 43 million euros fee received as complementary fee (non-recurrent) from the novation of the agreement with Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros (CASER). Excluding non.recurrent fees, the growth of this heading is equally robust (+8.4% YoY). The lines supporting this growth are mainly those linked to savings and mutual funds.

Gains (losses) on Financial Assets and Liabilities amount to 5 million euros through the year, mainly coming from fixed income sales, hedge income and value adjustments of financial instruments at fair value.

Other operating income (net) amounts to -29 million euros. This heading registers the annual contribution to the Single Resolution Fund (11.3 million euros) and the deposit tax (4.3 million euros), as well as other recurrent and non-recurrent items.

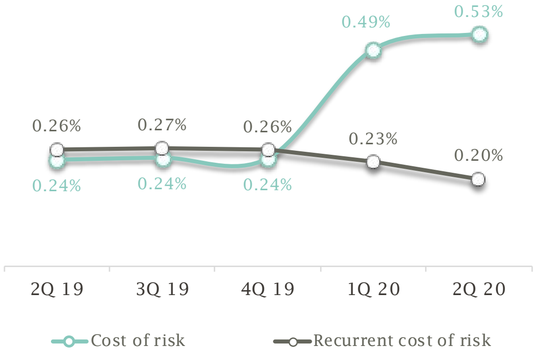
General administration costs increase by 1.1% YoY, although excluding 6 million euros of non-recurrent items it would decrease by -2.3%.

Provisions (net) registers 8 million euros, related to contingencies, and litigations.

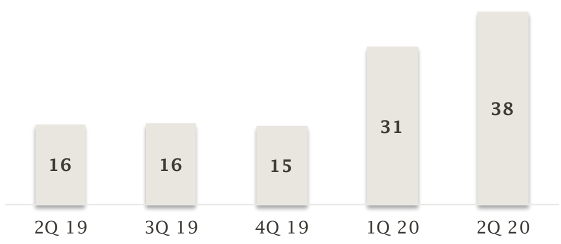
Impairment losses on financial assets (net) registers the credit impairments (-68 million euros), increasing 134.7% YoY after the recalibration of the provisioning models related to the effects of the Covid-19. These reflects a cost of risk of 53 bps in the first half of the year of which 20 bps are recurrent cost of risk.

Impairment losses on other assets and *Other gains or losses* (-12 million euros and -59 million euros respectively), mainly register impairments of foreclosed assets and investment properties.

Evolution of Cost of Risk



Loan impairments



Solvency (Basel III phased-in)

In € Million	30/06/2020	31/03/2020	30/06/2019	Quarterly Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,543	2,451	2,420	92	123
Common equity Tier 1 (%)	15.3%	14.2%	14.3%	1.1%	1.0%
CAPITAL LEVEL 1/ TIER 1	2,543	2,451	2,420	92	123
Total TIER 1 (%)	15.3%	14.2%	14.3%	1.1%	1.0%
TOTAL CAPITAL	2,830	2,722	2,690	108	140
Solvency ratio (%)	17.0%	15.8%	15.9%	1.2%	1.1%
RISK WEIGHTED ASSETS	16,650	17,282	16,949	-631	-298
LEVERAGE RATIO	5.8%	5.9%	6.3%	-0.1%	-0.5%

Solvency (Basel III Fully loaded)

In € Million	30/06/2020	31/03/2020	30/06/2019	Quarterly Change	Annual Change
CET 1 COMMON EQUITY TIER 1	2,333	2,244	2,159	89	174
Common equity Tier 1 (%)	14.0%	13.0%	12.7%	1.0%	1.3%
CAPITAL LEVEL 1/ TIER 1	2,333	2,244	2,159	89	174
Total TIER 1 (%)	14.0%	13.0%	12.7%	1.0%	1.3%
TOTAL CAPITAL	2,620	2,514	2,429	106	191
Solvency ratio (%)	15.7%	14.5%	14.3%	1.2%	1.4%
RISK WEIGHTED ASSETS	16,656	17,287	16,954	-631	-298
LEVERAGE RATIO	5.3%	5.4%	5.6%	-0.1%	-0.3%

Pro-forma data as of June 30th 2020, including interim financial results and without deducting the non-executed part of the share buyback programme approved in 2019.

The Group strengthens its solvency position, maintaining ratios well above requirements.

As of June 30th, 2020, Liberbank's CET 1 Common Equity Tier 1 phased-in stands at 15.3%, Capital Tier 1 stands at the same figure and Total Capital stands at 17.0%. These ratios mean a buffer of 6.9 pps in CET 1 and 4 pps in total capital.

At the same date, Liberbank's CET 1 Common Equity Tier 1 fully loaded stands at 14.0% (+103 bps QoQ and +127 bps YoY), Capital Tier 1 stands at the same figure and Total Capital stands at 15.7% (+119 bps QoQ and +141 bps YoY).

The organic generation, the credit growth through the ICO guarantee programme, the reduction of non-significant holdings in financial entities, the regulatory changes applied to SMEs exposures and infrastructure financing and the increase of unrealized capital gains on securities portfolios, favor the positive evolution of capital ratios and offset the growth of risk weighted assets derived from new credit investments.

Generation of value for shareholders is reflected in the evolution of the TBV per share, which reached 1.02 euros per share as of June 30th, 2020[1], growing 8.5% YoY.

The Share

Market Information	2Q2020
Number of shares outstanding (*millions*)	3,041
Average Daily Trading Volume (*#shares*)	7,368,088
Average Daily Trading Volume (*€*)	1,196,441
Maximum Share price (*€*)	0.19
Minimum Share price (*€*)	0.13
Closing Price (*€*)	0.15
Closing Market Capitalization (*k€*)	448

As of June 30th, the share capital was represented by 3,040,745,993 registered shares of 0.02 par value each, all of them with identical political and economic rights, fully subscribed and paid up. The Bank's main shareholders are the former savings banks who hold 23.4% of the share capital of Liberbank, S.A. (Fundación Bancaria Caja de Ahorros de Asturias owns 15.54%, Fundación Bancaria Caja de Extremadura owns 4.63% and the Fundación Bancaria Caja

[1] *The number of shares outstanding as of June 30th, 2020 takes into account the authorized amortization of 61.6 million of own shares, pending execution.*

Cantabria owns 3.23%), Oceanwood Capital Management LLP owns 17.83% (including financial instruments), Aivilo Spain, S.L.U. and Inmosan, S.A. own 7.15%, Corporación Masaveu (including Flicka Forestal and Fundación María Cristina Masaveu) owns 5.76%, and Norges Bank owns 2.99%. The remaining 42.9% of share capital is owned by wholesale and retail investors.

Liquidity

The Banking business grows in a balanced way, and Liberbank's liquidity position remains solid.

The bank attended the June TLTROS III auction for the maximum amount assigned (4,488 million euros at a rate of -1%).

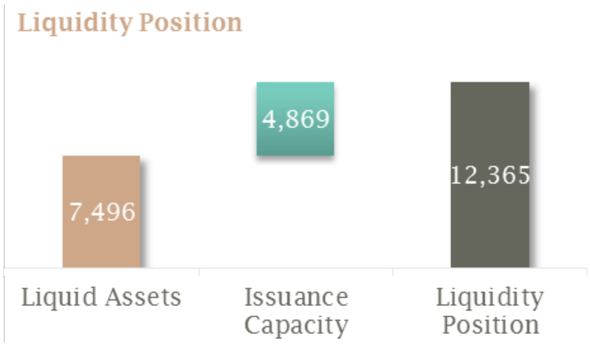
The LTD ratio, which represents the percentage of credits funded by Retail deposits stands at 98.0%.

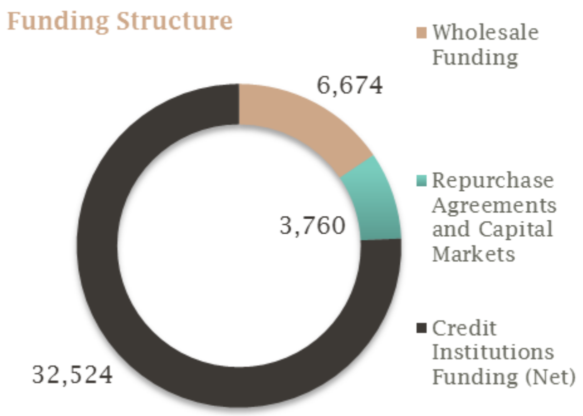
The LCR ratio, that indicates the short term liquidity level, stands at 233%. Among the ECB's ease measures, banks have been allowed to temporarily operate with a LCR below 100%.

The NSFR ratio, which measures the ratio between available stable funds and the desirable available stable funds according to the type of investments made by the Group, stands at 121%.

The Group's liquid assets amount to 7,496 million euros, immediately available. In addition, Liberbank has an issuance capacity of 4,869 million euros.

Liberbank's funding structure is grounded on a wide base of stable funds, highly diversified and with no concentration of maturities in the short and medium term.





Debt Ratings

Fitch. On March 28th, 2020, the agency confirmed the long term rating at BB+, changing the perspective from positive to negative due to the economic consequences from the health crisis and COVID-19 in the mid-term, and a Viability Rating (VR) of bb+.

DBRS. On June 5th, 2020, the agency confirmed the long term rating of Liberbank at BBB (low) changing its "stable" perspective to "negative". The short term rating stands at R2 middle.

Moody's. On April 23rd 2020, the agency confirmed the long term credit rating of Liberbank at Ba2, changing perspective to negative, due to the Covid-19 crisis, which could have economic consequences in the short term. Previously, Moody's also had improved the long-term counterparty risk rating (CR Assessment) from Ba1 to Baa3, and revised upwards the covered bonds rating, from A1 to Aa2. These qualifications remain unchanged.

Liberbank, a sustainable bank

Climate risk is increasingly present in decision making. Liberbank has launched its Mobility Economics Master Plan, aiming at configuring a comprehensive, sustainable, multichannel, innovative and flexible offer, open to joint ventures with third parties.

The first initiative of this Mobility Economics Master Plan is the new loan Ecomovilidad, aimed at households for financing vehicles that have the Dirección General de Tráfico ZERO and ECO labels, and also to finance the cost of acquiring and installing electric charging points for electric or plug-in hybrid vehicles.

An agreement has also been reached with the Renault Group and Nissan Group, allowing Liberbank Group employees to purchase a 100% electric, zero-emission Renault Zoe Life or Nissan Leafcar on advantageous terms.

5. Glossary

In addition to the financial information presented in this document, prepared in accordance with IFRS, certain Alternative Performance Measures (APM) are included, as defined by the guidelines on Alternative Performance Measures published by the European Securities and Markets Authority (ESMA) on June 30 2015 (ESMA/2015/1057) ("the ESMA guidelines").

ESMA guidelines define an APM as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Liberbank uses some APMs, which have not been audited, aiming to contribute to a better understanding of the financial evolution of the Group. These measures should be considered additional information, and should by no means replace the financial information. Moreover, these measures might differ, both in their definition and calculation, from other similar measures calculated by other corporates, and therefore, may not be comparable.

Alternative Performance Measures (APM):

NPL (Non-performing Loans): Non-performing customer loans (gross) registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income" and "Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading. As of June 30th, 2020, amount to 806 million euros (812 million euros as of March 31st, 2020 and 1,011 million euros as of June 30th, 2019), and is included in "Non-performing Loans", within the "Key indicators – Risk Management" section.

NCAHS (Non-current assets held for sale): Gross Foreclosed assets of real-estate nature registered under the "*Non-current assets held for sale"* heading. As of June 30th, 2020 amount to 1,353 million euros (1,357 million euros as of March 31st 2020 and 1,738 million euros as of June 30th), and is included in "Gross foreclosed assets" within the "Key indicators – Risk Management" section.

NPL Ratio: Quotient between non-performing loans (gross) and total loans (gross). Numerator and denominator are registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income" and "Financial Assets at amortized cost"* heading, inside the *"Loans and receivables"* heading of the public balance sheet. Neither numerator nor denominator, include repurchase agreements, value adjustments or debts accounted in the prudential balance sheet within the Other financial assets not related to Credit institutions heading. The NPL ratio stands at 3.1% as of June 30th, 2020 (3.2% as of March 31st, 2020 and 4.1% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
NPL Ratio (1/2)	**3.1%**	**3.2%**	**4.1%**	**See "Key Indicators - Risk Management"**
(1) Gross NPL	**806**	**812**	**1,011**	**See "Key Indicators - Risk Management"**
(2) Total Gross Loans	**26,076**	**25,176**	**24,536**	
(+) Gross performing Loans	25,270	24,364	23,525	See "Key Indicators - Balance Sheet"
(+) NPL	806	812	1,011	See "Key Indicators - Risk Management"

Loan to deposit (LTD): Quotient between customer loans (net) and Deposits. Loans are recorded under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading of the public balance sheet, from which repurchase agreements are deducted. Deposits are registered under the *"Financial liabilities measured at amortized cost (Deposits)*" heading of the public balance sheet. For the purpose of this calculation covered bonds, repurchase agreements, central Banks and credit institutions deposits are deducted, and promissory notes and retail CoCos are added. As of June 30th, 2020 stands at 98.0% (99.1% as of March 31st, 2020 and 95.2% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Loan to deposits (1/2)	**98.0%**	**99.1%**	**95.2%**	**See "Key Indicators - Balance Sheet"**
(1) Loans (Net)	**26,220**	**25,318**	**24,418**	
(+) Loans and advances to customers	26,084	25,195	24,250	See "4. Financial Evolution - Consolidated Balance Sheet"
(+) Non-trading FA mandatorily at fair value through P&L	137	123	168	
(-) Repurchase agreements	0	0	0	
(2) Deposits	**26,758**	**25,538**	**25,637**	
(+) Customer Funds on Balance Sheet	26,277	25,018	25,129	See "Resources"
(+) Value adjustments	469	514	494	
(+) Debt securities issued	12	6	15	Internal Information
(+) Retail CoCos	0	0	0	

Liquidity Coverage Ratio (LCR): Quotient between high quality liquid assets and the Total net cash outflows (outflows minus inflows) expected during a 30 day stress scenario. As of June 30th, 2020 stands at 233%.

In € Million	30/06/2020
Liquidity Coverage Ratio (LCR) (1/2)	**233%**
(1) High quality liquid assets	**6,106**
(2) Total net cash outflows (outflows minus inflows) expected during a 30 day stress scenario	**2,616**

Net Stable Financial Ratio (NSFR): Quotient between the available stable funding and the required stable funding. This quotient must be at least, of 100% at every moment. The "available stable funding" is defined as the proportion of own and external resources expected to be reliable over the time horizon considered by the NSFR (1 year). The amount of stable funding required is a function of the liquidity characteristics and residual maturities of its various assets and off-balance sheet positions. As of June 30th, 2020 stands at 121%.

In € Million	30/06/2020
Net Stable Financial Ratio (NSFR) (1/2)	**121%**
(1) Available stable funding	**35,507**
(2) Required stable funding	**29,426**

Credit coverage Ratio: Defined as Credit impairment losses over NPL (gross). Numerator and denominator are registered under the *"Financial Assets (FA) held for trading"*, *"Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"FA at Amortized cost"* inside the "*Loan and receivables, to customers"* heading of the public balance sheet. As of June 30th, 2020 stands at 50% (49% as of as of March 31st, 2020 and 50% as of as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Credit coverage ratio (1/2)	**50%**	**49%**	**50%**	**See "Key Indicators - Risk Management"**
(1) NPL impairment losses	**405**	**397**	**505**	**See "Impaired Assets Evolution (and their coverages)"**
(2) Non-Performing Loans (NPL)	**806**	**812**	**1,011**	**See "Key Indicators - Risk Management"**

Foreclosed assets coverage Ratio: Defined as foreclosed assets impairment losses over foreclosed assets (gross). Numerator and denominator are recorded under the *"Non-current assets held for sale heading"*. As of June 30th, 2020 stands at 49% (47% as of as of March 31st, 2020 and 50% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Foreclosed assets coverage ratio (1/2)	**49%**	**47%**	**50%**	**See "Key Indicators - Risk Management"**
(1) Foreclosed assets impairment losses	**666**	**639**	**861**	**See "Gross Foreclosed Assets Evolution"**
(2) Gross Foreclosed Assets	**1,353**	**1,357**	**1,738**	**See "Key Indicators - Risk Management"**

Impaired assets coverage Ratio: Defined as Credit impairment losses, registered under the *"Financial Assets (FA) held for trading"*, *"Non-trading FA mandatorily at fair value (FV) through P&L"*,*"FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, plus foreclosed assets impairment losses registered under the "*Non-current assets held for sale"* heading, over NPL (gross), registered under the *"Financial Assets (FA) held for trading"*, *"Non-trading FA mandatorily at fair value (FV) through P&L"*,*"FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, plus foreclosed assets (gross), registered under the "*Non-current assets held for sale"* heading. As of June 30th, 2020 stands at 50% (48% as of March 31st, 2020 and 50% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Impaired assets coverage ratio (1/2)	**50%**	**48%**	**50%**	**See "Key Indicators - Risk Management"**
(1) Non-productive assets impairment losses	**1,071**	**1,036**	**1,366**	
(+) NPL impairment losses	405	397	505	See "Impaired Assets Evolution (and their coverages)"
(+) Foreclosed assets impairment losses	666	639	861	
(2) Non-productive assets	**2,159**	**2,169**	**2,749**	
(+) Gross Non-performing Loans	806	812	1,011	
(+) Gross Foreclosed assets	1,353	1,357	1,738	

Cost of Risk: Quotient between the *"Financial assets impairment losses (Loans)"* heading of the consolidated public profit and loss account (annualized when not corresponding to a full financial year), over Loans (gross), registered under the *"Financial Assets (FA) held for trading"*, *"Non-trading FA mandatorily at fair value (FV) through P&L"*,*"FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading. As of June 30th, 2020 stands at 0.53% (0.49% as of March 31st, 2020 and 0.24% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Recurrent Cost of Risk (1/2)	**0.53%**	**0.49%**	**0.24%**	**See "Evolution of Cost of Risk"**
(1) Impairment losses on financial assets (net) (of Loans)	**68**	**31**	**29**	**See "Loan Impairments"**
(2) Gross Loans	26,076	25,176	24,536	See "Loan Impairments"
(+) Gross Performing Loans	25,270	24,364	23,525	See "Key Indicators - Balance Sheet"
(+) Non-performing Loans	806	812	1,011	See "Key Indicators - Risk Management"

Customer spread: Defined as the difference between financial income from retail business (annualized when not corresponding to a full financial year), registered under the *"Financial Income"* heading of the public profit and loss consolidated account, and expressed in relative terms, over gross loans average balances, registered under the *"Financial Assets (FA) held for trading", "Non-trading FA mandatorily at fair value (FV) through P&L","FA at FV through other comprehensive income"* and *"Financial Assets at amortized cost"* heading, inside the "*Loan and receivables, to customers"* heading, minus retail financial costs (annualized when not corresponding to a full financial year), registered under the *"Financial expenses"* heading of the public profit and loss consolidated account and expressed in relative terms (over customer deposits average balances), registered under the *"Financial Liabilities at amortized costs"* heading. As of June 30th, 2020 stands at 1.57% (1.58% as of March 31st, 2020 and 1.62% as of June 30th, 2019).

In € Million	30/06/2020	31/03/2020	30/06/2019	Report Section
Customer Spread (1-2)	**1.57%**	**1.58%**	**1.62%**	**See "Customer Spread Evolution"**
(1) Quarterly Financial Income Rate (a/b)	**1.58%**	**1.61%**	**1.68%**	See "Quarterly Net Interest Income Evolution"
(a) Quarterly Financial Income coming from retail business	101	101	101	
(b) Gross Loans Average Balance	25,489	25,073	24,099	
(2) Quarterly Financial costs Rate (c/d)	**0.01%**	**0.02%**	**0.06%**	
(c) Quarterly retail financial costs	1	1	4	
(d) Customers resources on balance sheet average balance	25,845	24,857	24,410	

Tangible Book value per share: Quotient between "*Total Equity"* minus "*Minority interests"* and *"Intangible Assets"* on the balance sheet and the number of shares outstanding. As of June 30th 2020, stands at 1.02 (0.99 as of March 31st 2020 and 0.94 as of June 30th 2019). The number of shares outstanding as of June 30th 2020 and March 31st 2020 takes into account the amortization of 61.6 million euros of own shares in treasury.

In € Millions	30/06/2020	31/03/2020	30/06/2019	Report Section
Tangible Book value per share (1/2)	**1.02**	**0.99**	**0.94**	
(1) Tangible assets (a-b-c)	**3,053**	**2,946**	**2,872**	
(a) Total Equity	3,207	3,098	3,015	See "Consolidated Balance Sheet"
(b) Minority interests	0	0	0	See "Consolidated Balance Sheet"
(c) Intangible assets	155	152	143	See "Consolidated Balance Sheet"
(2) Nº of shares outstanding (thousands)	**2,979**	**2,979**	**3,041**	See "The share" and "Significant subsequent events"

P&L account items:

Net Fees: includes "*Fees income and Fees costs*" headings of the public statement.

Gains (losses) on financial assets and liabilities: matches with the *"Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net"," Gains or (-) losses on financial assets and liabilities held for trading, net", "Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net"* and *"Gains or (-) losses from hedge accounting, net"* headings from the public account.

Other operating results (net): includes *"other operating income"* and *"other operating costs"* headings of the public account.

Operating Margin: equals the spread between *"Gross Margin"* and *"Administrative costs"* plus *"Amortizations"* headings of the public account.

Provisions: matches with *"Provisions or reversal of provisions"* heading of the public account.

Financial assets impairment losses (net): matches with the "*Financial assets not measured at fair value through profit or loss impairment losses or reversal of impairment losses*" heading of the public account.

Other assets impairment losses (net): matches with the "*Non-financial assets impairment losses or reversal of impairment losses*" heading of the public account.

Other gains / losses: matches with the "*Gains or (-) losses on derecognition of non-financial assets, net*", "*Negative goodwill recognized in profit or loss"* and *"Gains or losses coming from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations"*, all of them from the public account.

Pre-tax Income: matches with the *"Profit or loss before tax from continuing operations"* heading of the public account.

Income Tax: matches with the *"Tax expense or income related to profit or loss from continuing operations"* heading of the public account.